

150 FERC ¶ 61,244
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

March 31, 2015

In Reply Refer To:
Sierrita Gas Pipeline LLC
Docket No. RP15-455-000

Sierrita Gas Pipeline LLC
Post Office Box 1087
Colorado Springs, CO 80944

Attention: Francisco Tarin
Director, Regulatory Affairs

Dear Mr. Tarin:

1. On February 12, 2015, Sierrita Gas Pipeline LLC (Sierrita) filed new and revised tariff records¹ to establish a new interruptible Park and Loan Service (IT PAL) to assist shippers in balancing their daily physical receipts and deliveries and avoid potential penalty situations. Sierrita states the IT PAL service will provide a tool to manage imbalances and to mitigate penalties by affording interested shippers the ability to park gas on the system or to be loaned gas from the system. The tariff records are accepted, effective April 1, 2015.

2. Sierrita is a system comprised of approximately 60 miles of pipeline extending from Tucson, Arizona to Sasabe, Arizona. Sierrita's system has a design capacity of 200,846 dekatherms per day (Dth/day) served under both firm and interruptible transportation services. Sierrita's pipeline system originates at an interconnection with El Paso Natural Gas Company LLC (El Paso) near Tucson, Arizona, which is the system receipt point (San Joaquin Pima), and the system terminates at the US/Mexico border near Sasabe, Arizona, which is the system delivery point (Sasabe Pima). Shippers on Sierrita's system executing a service agreement under the new IT PAL service will have the ability to park and/or loan gas at either San Joaquin Pima or Sasabe Pima.

¹ See Appendix.

3. Sierrita plans to provide the IT PAL service on an interruptible basis when there is operational flexibility to provide such service on its existing facilities. Sierrita states it will provide the IT PAL service through existing operational flexibility and line-pack. Sierrita confirms the IT PAL service will be provided without detriment or disadvantage to Sierrita's system operational needs or to other customers using Sierrita's transportation services under Rate Schedules FT and IT. Sierrita adds that the IT PAL service does not provide for the transportation to or from designated locations, rather gas parked and/or loaned at any particular point on Sierrita's system must be made whole at the same location.

4. Sierrita proposes a three-part rate structure for the IT PAL service consisting of a maximum Initial Rate of \$0.4909 per Dth, a maximum Park/Loan Balance Rate of \$0.2455 per Dth, which is fifty percent of the maximum Initial Rate, and a maximum Completion Rate of \$0.4909 per Dth.² The Initial Rate and the Completion Rate are each the equivalent of Sierrita's mainline interruptible transportation commodity rate. The IT PAL Rate Schedule requires that the maximum combined sum of the Initial Rate, the Park/Loan Balance Rate, and the Completion Rate on any one day shall not exceed the maximum Initial Rate as reflected under the Rate Schedule IT commodity rate. Sierrita states that its proposed rate structure is consistent with various other PAL services offered on other pipelines.³ Rate Schedule PAL provides for a minimum of a one-day term for services rendered under PAL. Sierrita provided a monthly estimate of available volumes for the IT PAL service from April 2015 through March 2016 of 75,000-77,500 Dth.⁴

5. Public notice of the filing was issued on February 18, 2015. Interventions and protests were due as provided by section 154.210 (18 C.F.R. § 154.210 (2014)). Pursuant to Rule 214, 18 C.F.R. § 385.214 (2014), all timely motions to intervene and any

² The Initial Rate is the rate applicable to each Dth of gas tendered for park or taken for loan. The Park/Loan Balance Rate is the rate applicable to each Dth of gas which is parked or loaned (such charge will be calculated on the basis of the end of the day balances for each day of the month such a balance occurs). The Completion Rate is the rate applicable to each Dth of gas paid back to Sierrita upon completion of a loan or withdrawn by the shipper on completion of a park.

³ Sierrita Transmittal Letter at 4 (citing *Cheyenne Plains Gas Pipeline Company, L.L.C.*, Docket No. RP15-134-000 (Nov. 13, 2014) (unpublished letter order); *Colorado Interstate Gas Company*, 83 FERC ¶ 61,273 (1998); *Transwestern Pipeline Company*, 80 FERC ¶ 61,251 (1997)).

⁴ Per Appendix C, the daily average parked/loaned available volume for the IT PAL service is 2,500 Dth.

unopposed motions to intervene out-of-time filed before the date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. On February 24, 2015, Southwest Gas Corporation (Southwest) filed a motion to intervene and comments, which are discussed below.

6. Southwest expresses concern that operational balancing and intraday take flexibility at the interconnection between El Paso and Sierrita could potentially produce adverse service impacts on El Paso resulting in El Paso instituting Critical or Strained Operating Conditions (COC or SOC, respectively). Southwest further suggests that imbalances or intraday takes by Mex Gas Supply, Sierrita's sole shipper at the interconnection, could prompt COCs or SOCs on El Paso's system, affecting upstream shippers on El Paso's system.

7. While Southwest does not oppose the new PAL service, it requests that the Commission condition approval of Sierrita's proposed tariff records on Sierrita filing an annual informational report identifying nominations under the new service and further displaying daily imbalances with El Paso under the El Paso/Sierrita Operational Balancing Agreement (OBA). Southwest contends that this condition will provide the Commission and El Paso shippers with information to determine whether the IT PAL service and the operation of the OBA with El Paso are causing negative impacts on El Paso shippers.

8. The Commission's Order No. 637 directed pipelines to provide park and loan service to the extent operationally practicable, as a tool to help shippers manage imbalances. Sierrita has proposed an interruptible park and loan service with the purpose of providing its shippers a flexible service option to manage imbalances and mitigate penalties. The PAL proposal is effectively unopposed, although Southwest asks that a yearly report be required of Sierrita, to help spot hypothesized potential adverse impacts on the El Paso Pipeline system.

9. The Commission will not require Sierrita to file on an annual basis to identify nominations under the IT PAL service and to further display daily imbalances with El Paso under the El Paso/Sierrita OBA. The Commission finds no precedent for imposing these reporting requirements on this particular PAL service, without any basis other than unsubstantiated speculation of an indirect impact elsewhere. Therefore, we find Southwest has not justified the Commission's unique imposition of additional PAL service reporting requirements here.

10. The Commission has not imposed such reporting requirements on similar PAL services of other pipelines, and the commenter's hypothesized harm is entirely speculative, and disconnected from Sierrita's own linepack-based PAL service, which if operated as intended, will only affect Sierrita's own shippers. Accordingly, the Commission accepts Sierrita's proposed tariff records establishing interruptible parking and lending service under a three-part rate structure, effective April 1, 2015.

By direction of the Commission.

Kimberly D. Bose,
Secretary.

Appendix

Sierrita Gas Pipeline LLC
FERC NGA Gas Tariff
Sierrita Tariffs

Tariff Records Accepted Effective April 1, 2015

[Part I: Overview, Section 1 - Table of Contents, 2.0.0](#)

[Part II: Stmt. of Rates, Section 1 - Service Rates, 1.0.0](#)

[Part III: Rate Schedules, , 1.0.0](#)

[Part III: Rate Schedules, Section 3 - Rate Schedule PAL, 0.0.0](#)

[Part IV: GT&C, Section 4.2 - Information To Be Provided, 1.0.0](#)

[Part IV: GT&C, Section 4.7 - Electronic Execution of Agreements, 1.0.0](#)

[Part IV: GT&C, Section 4.13 - Discounting, 1.0.0](#)

[Part IV: GT&C, Section 4.18 - Termination Obligations, 1.0.0](#)

[Part IV: GT&C, Section 6.3 - Scheduling of Receipts and Deliveries, 1.0.0](#)

[Part IV: GT&C, Section 6.5 - Allocation of Capacity, 1.0.0](#)

[Part IV: GT&C, Section 8.2 - Interruptible Service, 1.0.0](#)

[Part IV: GT&C, Section 14 - Penalties, 1.0.0](#)

[Part V: Service Agreement, , 1.0.0](#)

[Part V: Service Agreement, Section 3 - Rate Schedule PAL, 0.0.0](#)